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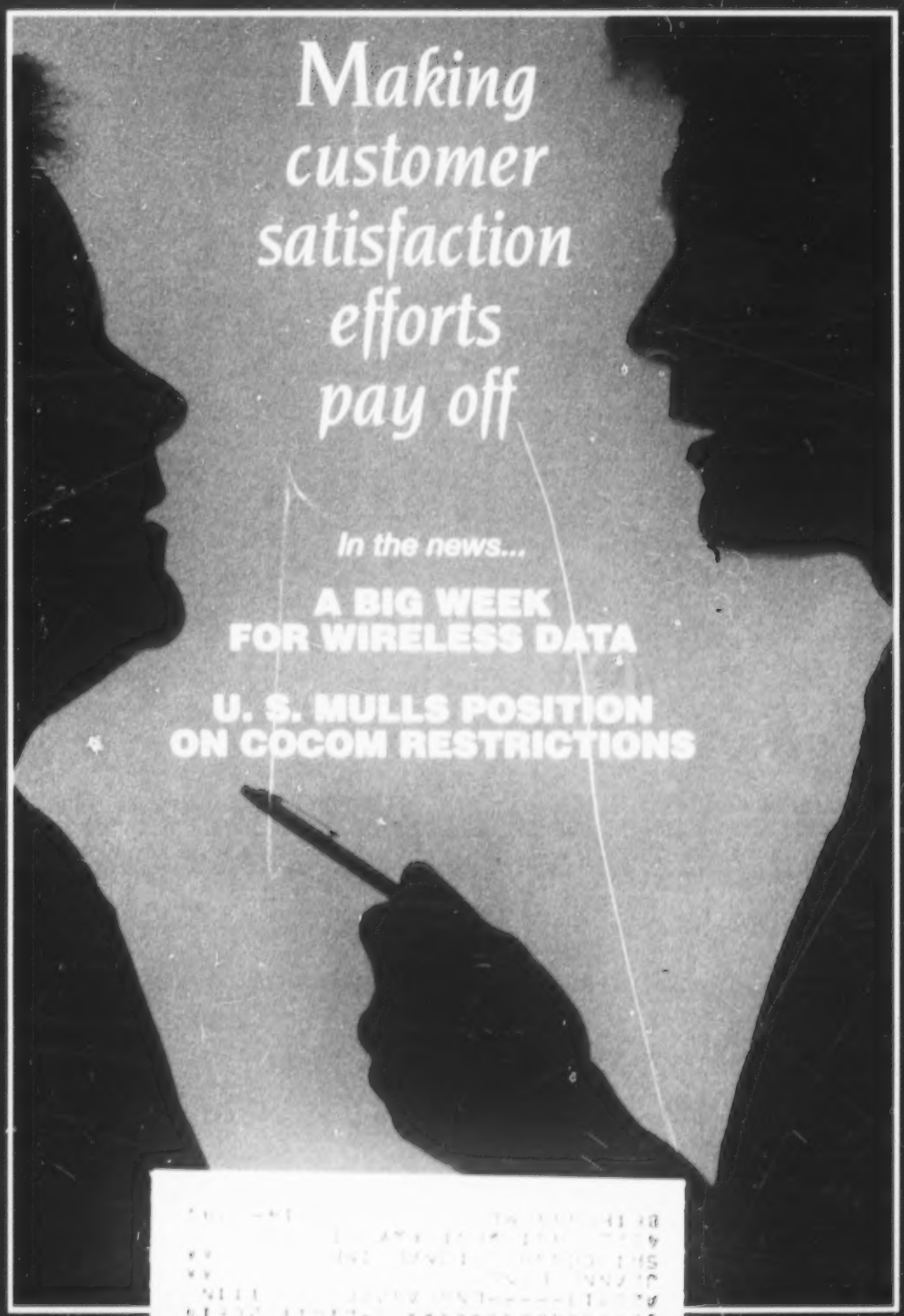

Making customer satisfaction efforts pay off

In the news...

A BIG WEEK FOR WIRELESS DATA

U. S. MULLS POSITION ON COCOM RESTRICTIONS

MONDAY, MARCH 30, 1992 Volume 222, No. 13

Telephony

FOR TODAY'S COMPETITIVE PUBLIC NETWORK MARKET

COVER STORY 20

MAKING CUSTOMER SATISFACTION EFFORTS PAY OFF
By Dan Finkelman, Rich Cetlin and David Wenner. A satisfied customer isn't necessarily a loyal one. Telcos need to figure out how to transform their existing customer base into extremely satisfied customers—ones that won't change allegiances
Cover photo by Comstock

NEWS OF THE WEEK

CARRIERS TARGET WIRELESS DATA
Among the week's developments: Five major cellular carriers team to work on data, McCaw hints it may do the same, and PacTel Cellular firms up its own wireless data group 8

BELLSOUTH TO SELL IBM'S PCRADIO
BellSouth Cellular signs an agreement with IBM to jointly market a cellular version of IBM's portable data communications terminal 9

U.S. MULLS COCOM RESTRICTIONS
If the United States doesn't change its tune on telecom exports to the former Soviet Union, critics argue, U.S. vendors could be locked out of a huge market 9

TEKELEC LAUNCHES EAGLE STP
Tekelec's new Network Products Group unveils the Eagle STP/1 Open Signalling Access switching platform for SS7 and Advanced Intelligent Networks 10

PAC BELL TESTS ISDN MULTIMEDIA
Pacific Bell agrees to field test IBM's Person-to-Person/2 desktop videoconferencing system as a multimedia application for the integrated services digital network 13

DEPARTMENTS

IN MY OPINION 7
HELP WANTED 34
MEETINGS 16
NEW PRODUCTS 29
PUBLIC NETWORK MARKETPLACE 31
TELECOM PEOPLE 28
TELECOM PROFESSIONAL 39

FEATURES

SOLAR POWER BOOSTS CELLULAR
By Anoosh Mizany. Believe it or not, solar power has been providing reliable power solutions for rural communications applications worldwide in the last 15 years. Here's how it can help rural cellular 17

IS IT DÉJÀ VU TIME FOR THE RHCs?
By William J. Duffy. The world of open systems will provide telcos with vendor independence. But with that flexibility comes confusion. Choosing among adjunct processors can be challenging 26

PERSPECTIVES
By Carol Wilson. Although recessions typically cause trade show attendance to ebb, WAVE '92 boasted high tides of both attendees and new technologies 40

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Data communications moves to the forefront of cellular

Charles F. Mason, East Coast Bureau Chief

With data transmission increasingly seen as the next frontier for cellular, five major carriers disclosed last week that they are kicking off a joint venture designed to explore and exploit that market.

Ameritech Mobile Communications, Bell Atlantic Mobile Systems, GTE-owned Contel Cellular, GTE Mobilnet and Nynex Mobile Communications signed a letter of intent to develop joint plans aimed at launching data communications services over their cellular networks.

In February, the same group of carriers said they would cooperate to form a "seamless" cellular network and establish a common national brand identity that would challenge Cellular One, the partnership of McCaw Cellular Communications and Southwestern Bell *(Telephony, Feb. 17, page 8)*.

Wireless data was big news elsewhere as well last week. McCaw appears on the verge of announcing that it will equip its cellular network to handle data communications, with help from IBM, according to published reports.

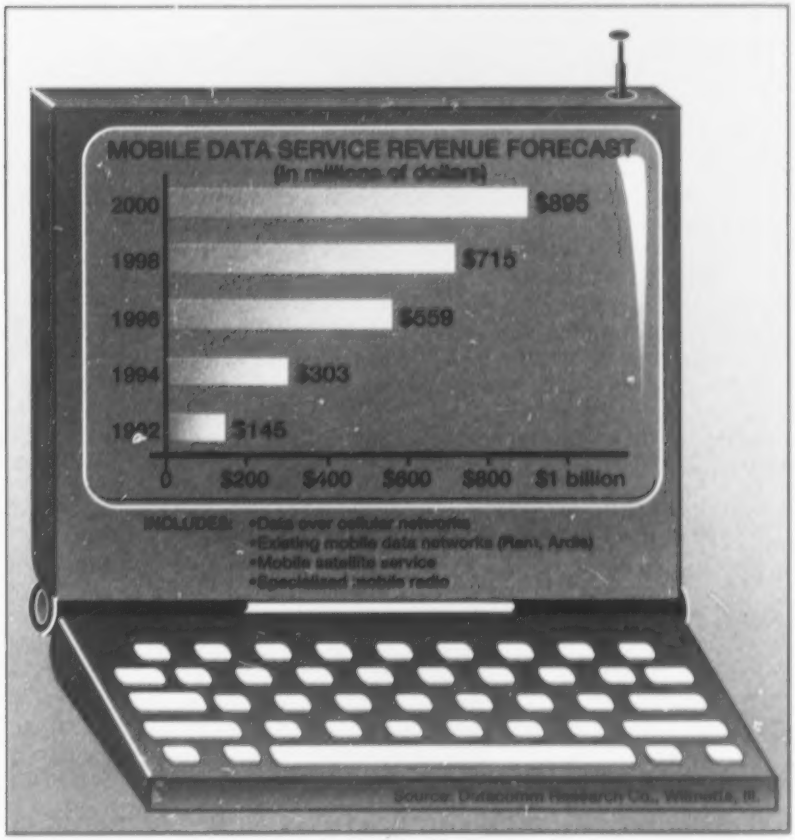
Meanwhile, Motorola said it would open up for the first time its Ardis wireless packet data network and related technologies to cellular carriers and vendors (see story below). BellSouth cut a deal to sell IBM's cellular portable data terminal, the PCradio (see story on page 9). And PacTel Cellular firmed up its recently created wireless data division, naming Lee Franklin, most recently a consultant to the company on code division multiple access, to head up the unit.

"This is the beginning of the snowball," said Ben Holcomb, president of BellSouth subsidiary American Cellular, of the spate of wireless data announcements.

Leading the wireless data snowball down the hill last week was the five-member local exchange carrier group. The group, which now appears locked in head-to-head competition with Cellular One, currently serves a market totaling 120 million people in 128 major cities and 69 rural service areas.

The move by the five carriers "is a signal to infrastructure and computer manufacturers that we are moving to offer these services" and want an open standards-setting process for equipment, said Bruce DeMaeyer, president of Ameritech Mobile.

That should lead companies like Apple and Compaq Computer to develop the necessary customer premises equipment for the network, DeMaeyer said. In addition, other carriers must become part of the pro-



Motorola opens Ardis protocols

Charles F. Mason
East Coast Bureau Chief

Capitalizing on the growing need for wireless data transmission services, Motorola said last week it will open up the protocols used in its Ardis data network and work with U.S. cellular carriers to develop an open protocol packet data system.

The shift to open protocols means that equipment vendors will be able to manufacture compatible terminals and modems for use with Ardis. Up until now, only Motorola could produce compatible equipment because of the proprietary technology.

The company's work with cellular carriers will include participation in efforts to help the industry converge standards on open, over-the-air protocols, interLATA communications and network administration, it said.

"This is a brilliant move," said Herschel Shosteck, president of Herschel Shosteck Associates, a market research firm. "It's a win, win, win situation for everyone."

ter and dust, was designed with the modern mobile work force—including both blue collar field technicians and professionals such as sales representatives—in mind, said Dennis McCurdy, senior product planner of IBM's mobile work force competency center, Boca Raton, Fla.

Although IBM has been working with mobile data systems for more than five years, the BellSouth deal represents its first foray into customer equipment that works with the public cellular network. The company is pursuing similar arrangements with other carriers, according to George Gordon, marketing development market representive of the communications industry at IBM, citing that, while IBM knows data, the carriers understand public switched networking. ■

Tekelec's Eagle lands at Allnet

Ann H. Lindstrom, Assistant Editor

When Tekelec discovered that some of its customers were using its MGTS signaling system 7 protocol testers as signal transfer points (STPs), the company decided it was time to tackle the network products market, according to Robert Hess, vice president and director of business development.

More SS7 news on page 14

Tekelec's new Network Products Group recently unveiled its Eagle STP/1 Open Signalling Access switching platform for SS7 and Advanced Intelligent Networks. The first mated pair of Eagle STP/1s was purchased by Allnet Communications Sevices Inc. for $2.1 million. Allnet, Bingham Farms, Mich., provides domestic and international long-distance service.

Allnet will use the Tekelec gear to replace two DSC Communications Corp. first generation MXB STPs, said Steve Fernald, vice president of engineering at Allnet. The STPs will support SS7 between Allnet's 16 service switching points and provide links to all major Bell operating company LATAs.

"We are getting heavily into SS7 interconnection with the local exchange carriers so we are completely rebuilding our SS7 network," said Fernald. "We are also interested in providing hubbing service for other carriers in the future."

Allnet chose the Eagle STP/1 because its SS7 addressable Ethernet port will accommodate a general-purpose computer, which can be used to do specialized translations needed to provide customized features and products, said Fernald.

Tekelec's Network Products Group, headquartered in Raleigh, N.C., also plans to offer a signal point interface based on the Eagle platform that can be used by database suppliers entering the SS7 signal control point (SCP) market or as an access solution for switch manufacturers that need an SS7 interface to the network, said Hess.

"The main obstacle for companies getting into the SCP business has been the SS7 front end. We want to offer a generic product that allows enhanced service providers and integrators to use any Unix platform as an SCP," he added.

Tekelec is targeting its new products for Independents, interexchange carriers and cellular network providers. There are no STPs used in cellular today, yet the network topology is moving that way for the future, said Hess. Tekelec expects the Eagle market to reach $400 million by 1997.

"A number of Independents believe that having their own SS7 network is out of their price range. The Eagle STP/1 is less expensive to get into and own, and it grows smoothly from

continued on page 12

What's next in local loop competition?

With market shares still dwindling below 1%, the competitive access provider (CAP) industry's bark remains worse than its bite.

But local exchange industry beware: The elements are in place for the CAP industry to begin making a bigger dent in local loop revenues, according to Mark Lowenstein, senior telecommunications consultant with Boston-based Yankee Group and author of a recently released white paper on loop competition.

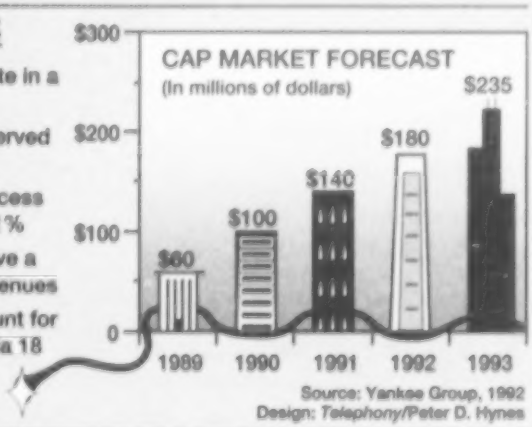
The key driver of change, said Lowenstein, may be the emerging involvement of cable TV companies, such as the recent acquisition of Teleport Communications by Tele-Communications Inc. and Cox Enterprises. A company consisting of Teleport and Digital Direct, TCI's existing CAP operation, could quickly become a $200-million firm operating in as many as 25 cities, Lowenstein reported.

The next likely step, said Lowenstein, would be for one or two of the larger CAPs—Teleport and Metropolitan Fiber Systems would be leading candidates—to team with an interexchange carrier to offer one-stop shopping arrangements, including common pricing, volume discounts and marketing end-to-end solutions.

Such a scenario could give CAPs a distinct advantage over local exchange carriers and position them to offer high-bandwidth applications such as local area network interconnection, videoconferencing and image networking on a multicity basis.

CAP FACTS

- 32 different CAPs operate in a total of 32 cities
- 50% of CAP cities are served by more than one CAP
- CAP share of special access revenues still less than 1%
- Cable TV companies have a hand in 50% of CAP revenues
- MFS and Teleport account for 50% of CAP revenues via 18 networks



Source: Yankee Group, 1992
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